



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)**

For the three months period ended March 31, 2018

Pakistan Kuwait Investment Company (Private) Limited

Condensed Interim Statement of Financial Position


As at March 31, 2018

	Note	March 31, 2018 (Un -Audited) (Rupees in '000)	December 31, 2017 (Audited)
ASSETS			
Cash and balances with treasury banks		60,872	61,148
Balances with other banks		25,403	18,730
Lendings to financial institutions	6	6,281,330	2,476,726
Investments	7	20,064,531	22,922,841
Advances	8	3,023,805	3,166,570
Operating fixed assets		193,202	196,533
Deferred tax assets		-	-
Other assets		527,870	286,616
		30,177,013	29,129,164
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	9	2,520,231	2,562,007
Deposits and other accounts	10	2,500	2,500
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,378,710	1,283,926
Other liabilities		954,446	473,321
		4,855,887	4,321,754
NET ASSETS		25,321,126	24,807,410
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		7,431,389	7,431,389
Unappropriated profit		11,065,163	10,696,759
		24,496,552	24,128,148
Surplus on revaluation of 'available-for-sale' securities - net of tax	11	824,574	679,262
		25,321,126	24,807,410
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 17 form an integral part of the condensed interim financial information.



Chief Financial Officer




Chief Executive



Director



Chief Executive



Director

Pakistan Kuwait Investment Company (Private) Limited
Condensed Interim Profit and Loss Account - (Un-audited)

For the three months period ended March 31, 2018

	Three months period ended March 31, 2018	Three months period ended March 31, 2017
------(Rupees in '000)-----		
Mark-up / return / interest earned	190,733	189,801
Mark-up / return / interest expensed	25,249	26,056
Net mark-up / interest income	<u>165,484</u>	<u>163,745</u>
Reversal of provision against non-performing loans and advances - net	(12,618)	(154,964)
Provision for diminution / impairment in the value of investments	9,850	21,484
Bad debts written off directly	-	-
	<u>(2,768)</u>	<u>(133,480)</u>
Net mark-up / interest income after provisions	<u>168,252</u>	<u>297,225</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	2,150	150
Dividend income	34,485	43,629
Income from dealing in foreign currencies	-	-
Gain on sale of securities	139,433	68,203
Unrealised gain / (loss) on revaluation of 'held-for-trading' securities	3,736	(2,217)
Share in results of associates - net	853,436	706,919
Other income	498	6,019
Total non mark-up / interest income	<u>1,033,738</u>	<u>822,703</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	133,396	91,920
Provision on other assets	25,488	-
Other charges	-	-
Total non mark-up / interest expenses	<u>158,884</u>	<u>91,920</u>
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	<u>1,043,106</u>	<u>1,028,008</u>
Taxation		
- Current	103,387	104,705
- Prior years	-	-
- Deferred	71,315	89,707
	<u>174,702</u>	<u>194,412</u>
PROFIT AFTER TAXATION	<u>868,404</u>	<u>833,596</u>
	-----Rupees-----	
Basic and diluted earning per share (On share of Rs. 25,000 each)	<u>3,618</u>	<u>3,473</u>


The annexed notes 1 to 17 form an integral part of the condensed interim financial information.


Chief Financial Officer


Chief Executive


Director


Chief Executive


Director

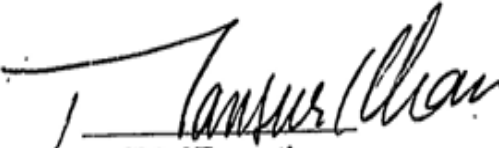
Pakistan Kuwait Investment Company (Private) Limited
 Condensed Interim Statement of Comprehensive Income - (Un-audited)
 For the three months period ended March 31, 2018

	Three months period ended March 31, 2018	Three months period ended March 31, 2017
	----- (Rupees in '000) -----	
Profit for the period	868,404	833,596
Other comprehensive income		
Share of remeasurement of defined benefit plans of associates - net of deferred tax	-	(87)
Comprehensive income transferred to equity	<u>868,404</u>	<u>833,509</u>
Component of comprehensive income not transferred to equity		
Share of (deficit) on revaluation of 'available for sale' securities of associates	(50,502)	(163,556)
Deferred tax on revaluation of 'available for sale' securities of associates	7,729	20,420
Surplus / (deficit) on revaluation of 'available for sale' securities	219,282	(305,840)
Deferred tax on revaluation of 'available-for-sale' securities	(31,197)	38,237
Total comprehensive income for the period	<u><u>1,013,716</u></u>	<u><u>422,770</u></u>

The annexed notes 1 to 17 form an integral part of the condensed interim financial information.



 Chief Financial Officer




 Chief Executive



 Director



 Chief Executive



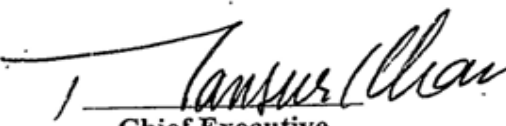
 Director

Pakistan Kuwait Investment Company (Private) Limited
 Condensed Interim Statement of Changes in Equity - (Un-audited)
 For the three months period ended March 31, 2018

	Share Capital	Statutory Reserve	Non-distributable Reserve	Capital Market Equalization Reserve	Unappropriated profit	Total
------(Rupees in '000)-----						
Balance as at January 01, 2017	6,000,000	5,145,183	935,264	795,873	9,946,000	22,822,320
Profit for the three months period ended March 31, 2017	-	-	-	-	833,596	833,596
Other comprehensive income	-	-	-	-	(87)	(87)
Total comprehensive income	-	-	-	-	833,509	833,509
Transactions with the owners of the Company						
Final dividend for the year ended December 31, 2016 @ 2,083.3 per share approved subsequently to year end	-	-	-	-	(500,000)	(500,000)
Balance as at March 31, 2017	6,000,000	5,145,183	935,264	795,873	10,279,509	23,155,829
Balance as at January 01, 2018	6,000,000	5,515,229	935,264	980,896	10,696,759	24,128,148
Profit for the three months period ended March 31, 2018	-	-	-	-	868,404	868,404
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	868,404	868,404
Transactions with the owners of the Company						
Final dividend for the year ended December 31, 2017 @ Rs. 2,083.3 per share approved subsequent to year end	-	-	-	-	(500,000)	(500,000)
Balance as at March 31, 2018	6,000,000	5,515,229	935,264	980,896	11,065,163	24,496,552

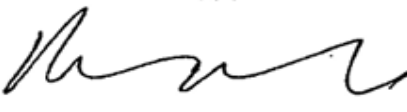
The annexed notes 1 to 17 form an integral part of the condensed interim financial information.


 Chief Financial Officer


 Chief Executive


 Director


 Chief Executive


 Director

Pakistan Kuwait Investment Company (Private) Limited

Condensed Interim Cash Flow Statement - (Un-audited)

For the three months period ended March 31, 2018

	2018	2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,043,106	1,028,008
Less: Dividend income	<u>(34,485)</u>	<u>(43,629)</u>
	1,008,621	984,379
Adjustments for:		
Depreciation	2,310	2,367
Amortization	1,021	2,574
Reversal of provision against non-performing loans and advances - net	(12,618)	(154,964)
Provision for diminution / impairment in the value of investments	9,850	21,484
Provision for impairment in other assets	25,488	-
Unrealised (gain) / loss on revaluation of 'held for trading' securities	(3,736)	2,217
Share in results of associates - net	(853,436)	(706,919)
Dividend Payable	(500,000)	(500,000)
Gain on disposal of operating fixed assets	-	-
	<u>(1,331,121)</u>	<u>(1,333,241)</u>
	(322,500)	(348,862)
(Increase) / Decrease in operating assets		
Lendings to financial institutions	(3,804,604)	831,623
'Held-for-trading' securities	60,679	(94,930)
Advances	155,383	942,757
Others assets (excluding advance taxation)	38,967	125,737
	<u>(3,549,575)</u>	1,805,187
Increase in operating liabilities		
Borrowings from financial institutions	(41,776)	(23,119)
Deposits and other accounts	-	-
Other liabilities (excluding current taxation)	481,125	484,680
	<u>439,349</u>	461,561
	(3,432,726)	1,917,886
Income tax paid	(28,886)	(67,712)
<i>Net cash (outflow) / inflow from operating activities</i>	<u>(3,461,612)</u>	1,850,174
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities	3,415,146	(2,216,380)
Net investment in 'held-to-maturity' securities	-	-
Dividend received	52,863	428,229
Investments in operating fixed assets	-	(351)
Sale proceeds of operating fixed assets	-	-
<i>Net cash inflow / (outflow) from investing activities</i>	<u>3,468,009</u>	(1,788,502)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	-
<i>Net cash used in financing activities</i>	<u>-</u>	-
Increase in cash and cash equivalents	6,397	61,672
Cash and cash equivalents at beginning of the period	<u>79,878</u>	<u>78,686</u>
Cash and cash equivalents at end of the period	<u><u>86,275</u></u>	<u><u>140,358</u></u>

The annexed notes 1 to 17 form an integral part of the condensed interim financial information.


Chief Financial Officer


Chief Executive


Director


Chief Executive


Director

Pakistan Kuwait Investment Company (Private) Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the three months period ended March 31, 2018

1. STATUS AND NATURE OF BUSINESS

Pakistan Kuwait Investment Company (Private) Limited ("the Company") was incorporated in Pakistan as a Private Limited Company on March 17, 1979. The registered office is situated at 4th Floor, Block 'C', Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The Company has one representative office in Lahore. The Company is a 50:50 joint venture between the Governments of Pakistan and Kuwait. The objective of the Company is to profitably promote industrial investments in Pakistan.

2. BASIS OF PRESENTATION

The condensed interim financial information has been prepared based on the format prescribed by the State Bank of Pakistan (SBP) vide BSD Circular Letter No. 2, dated 12 May 2004, BSD Circular letter No. 07, dated 20 April 2010 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2017.

3. STATEMENT OF COMPLIANCE

- 3.1** The condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" as applicable in Pakistan, provisions of and directives issued under the repealed Companies Ordinance, 1984 and the directives issued by SBP. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 and directives issued by the SBP have been followed.
- 3.2** The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 on May 30, 2017. SECP vide its Circular No. 17 of 2017 and press release of July 20, 2017, has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before June 30, 2017 can prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures and has also enhanced the definition of related parties.
- 3.3** The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial Instruments: Disclosures' through SRO 411(1)/ 2008. Accordingly, the requirements of these International Financial Reporting Standards (IFRSs) and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial information are consistent with those applied in preparation of financial statements for the year ended December 31, 2017. Standards which became effective during the period and related to financial statements of the Company had no impact in the current period financial statements.

5. FINANCIAL RISK MANAGEMENT / JUDGEMENTS AND ESTIMATES

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2017.

In preparing this interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation were the same as those that applied to the financial statements as at and for the year ended December 31, 2017.

	March 31, 2018	December 31, 2017
	(Un-audited)	(Audited)
	(Rupees in '000)	
6. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	6,281,330	2,476,726
	6,281,330	2,476,726

6.1 Securities held as collateral against lendings to financial institutions	<i>Note</i>	March 31, 2018			December 31, 2017		
		Held by the Company	Further given as collateral	Total	Held by the Company	Further given as collateral	Total
-----Rupees in '000-----							
Market treasury bills	6.1.1	6,281,330	-	6,281,330	2,476,726	-	2,476,726

6.1.1 This represents lending to financial institutions against purchase and resale of government securities. Market value of these securities as at March 31, 2018 amounted to Rs. 6,253.820 (December 31, 2017: 2,458.403) million. The markup rate on these lendings are between 5.40 and 6.05 (December 31, 2017: 5.85 and 5.90) percent per annum with maturities are in two and twelve days (December 31, 2017: two days) .

7. INVESTMENTS

7.1 Investments by type

	<i>Note</i>	March 31, 2018			December 31, 2017		
		(Un-audited)			(Audited)		
		Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
-----Rupees in '000-----							
Held for trading securities							
Shares of listed companies		59,048	-	59,048	119,727	-	119,727
Available for sale securities							
Market treasury bills		-	-	-	3,548,276	-	3,548,276
Pakistan investment bonds		897,739	-	897,739	897,119	-	897,119
Shares of listed companies		3,051,484	-	3,051,484	3,371,254	-	3,371,254
Shares of unlisted companies		110,226	-	110,226	110,226	-	110,226
Listed preference shares		55,029	-	55,029	55,029	-	55,029
Listed sukuk / term finance certificates		1,229,948	-	1,229,948	839,120	-	839,120
Unlisted term finance certificates		298,426	-	298,426	298,479	-	298,479
		5,642,852	-	5,642,852	9,119,503	-	9,119,503
Associates	7.2	14,064,747	-	14,064,747	13,660,400	-	13,660,400
		19,766,647	-	19,766,647	22,899,630	-	22,899,630
Provision for diminution / impairment in the value of investments		(399,057)	-	(399,057)	(455,168)	-	(455,168)
Total investments - net of provisions		19,367,590	-	19,367,590	22,444,462	-	22,444,462
Surplus on revaluation of 'held for trading' securities		3,736	-	3,736	4,455	-	4,455
Surplus on revaluation of 'available for sale' securities		693,205	-	693,205	473,924	-	473,924
Total investments		20,064,531	-	20,064,531	22,922,841	-	22,922,841

	Three months period ended March 31, 2018	Three months period ended March 31, 2017
	(Un-audited)	(Un-audited)
	(Rupees in '000)	
7.2 Movement in investments in associates		
Investments at beginning of the period	13,660,400	12,807,290
Share in (deficit) on revaluation / reserves of associates	(50,502)	(163,556)
Share in remeasurement of defined benefits plans of associates - net of deferred tax	-	(87)
Share of profit from associates recognized in profit and loss account	853,436	706,919
Dividend from associate	(398,587)	(376,027)
Investments at end of the period	14,064,747	12,974,539

7.3 The cost of investment in associates as at March 31, 2018 amounted to Rs. 2,895 million (December 31, 2017: Rs. 2,895 million). Share in results of associates recorded under equity method of accounting net of dividend and income taxes amounted to Rs. 379 million (March 31, 2017: Rs. 279 million).

7.4 The Company's associates and its holding in associates are the same as provided in the Financial Statements for the year ended December 31, 2017, except for Al-Meezan Mutual Fund's holding.

	<i>Note</i>	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited)
8. ADVANCES			
In Pakistan			
Advances		3,558,972	3,676,709
Net investment in finance leases		604,918	642,564
		4,163,890	4,319,273
Provision for non-performing advances	8.2	(1,140,085)	(1,152,703)
Advances - net of provision		3,023,805	3,166,570

8.1 Advances include Rs. 1,140.085 million (December 31, 2017: Rs. 1,153.527 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2018 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	1,140,085	-	1,140,085	1,140,085	1,140,085
	1,140,085	-	1,140,085	1,140,085	1,140,085
	----- (Rupees in '000) -----				
	December 31, 2017 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	1,647	-	1,647	823	823
Loss	1,151,880	-	1,151,880	1,151,880	1,151,880
	1,153,527	-	1,153,527	1,152,703	1,152,703

8.2 Particulars of provision for non-performing advances - specific

	Three months period ended March 31, 2018 (Un-audited) (Rupees in '000)	Year ended December 31, 2017 (Audited)
Opening balance	1,152,703	1,437,645
Charge for the period / year	-	-
Reversals for the period / year	(12,618)	(284,942)
	(12,618)	(284,942)
Amounts written off against provisions	-	-
Closing balance	1,140,085	1,152,703

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

	<i>Note</i>	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited)
Secured			
Borrowing from SBP			
Under Long Term Finance Facility - (LTFF)	9.1	1,520,231	1,560,360
Under Finance Facility for Storage of Agricultural Produce (FFSAP)	9.2	-	1,647
Term Finance Facility	9.3	1,000,000	1,000,000
		2,520,231	2,562,007

9.1 This represents Long Term Finance Facility (LTFF) on concessional rates to promote industrial growth leading to exports. The loans availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years with mark-up payable at maximum of 5 percent per annum. SBP allocates an overall yearly limit under the facility to individual Participating Financial Institution (PFI). The sanctioned limit for the company was Rs. 1,000 million.

9.2 This represents Financing Facility for Storage of Agricultural Produce (FFSAP) on concessional rates to develop the agricultural produce marketing and enhance storage capacity. The loans availed under the facility shall be repayable within a maximum period of seven years including a maximum grace period of six months with mark-up payable at maximum of 6 percent per annum. SBP allocates an overall yearly limit to individual PFI. The sanctioned limit for the company was Rs. 300 million.

9.3 The Company has availed Long Term Finance facility from a bank. The interest rate on this facility is 6.95 percent per annum (December 31, 2017: 6.67 percent per annum) with maturity on June 25, 2018 (December 31, 2017: June 25, 2018).

10. DEPOSITS AND OTHER ACCOUNTS	Note	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited)
Certificates of investment (COI)	10.1	<u>2,500</u>	<u>2,500</u>

10.1 The profit rate on this COI is 5.80 (December 31, 2017: 5.80) percent per annum. The COI is due for maturity on September 21, 2018 (December 31, 2017: September 21, 2018).

11. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES - NET OF TAX	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited)
Federal government securities	39,896	54,831
Shares of listed companies	642,133	408,693
Listed / unlisted / TFCs / sukuk	11,176	10,399
Share of surplus on revaluation of investments of associates	<u>158,557</u>	<u>209,059</u>
Deferred Tax	<u>(27,188)</u>	<u>(3,720)</u>
	<u>824,574</u>	<u>679,262</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Other contingencies

The Income Tax Department has amended the deemed assessment orders for the tax years from 2003 to 2017, raising a tax demand of Rs. 3,430 million, mainly due to additions in respect of allocation of expenses against dividend income subject to tax at reduced rate / Final Tax Regime and capital gains.

In such orders, the taxation authority has not accepted the Company's contention on the matter of allocation of expenses on exempt capital gains and dividend income. The total additions made in tax years 2003 to 2017 under this head amount to Rs 7,659 million.

In tax year 2003, the Appellate Tribunal Inland Revenue (ATIR) had directed the tax authorities for the allocation to be made taking into account the 'cost of investment' rather than 'gross turnover'. Subsequently, the action of the Taxation Officer in refusing to issue the appeal effect in view of the departmental appeal before the High Court was contested in appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] for application of section 124A of the Income Tax Ordinance, 2001 (Ordinance). The CIR(A) adjudged the matter in favour of the Company directing the Officer to give effect to the directions which have been maintained by the ATIR in the subsequent departmental appeal.

Relying on the above decision of ATIR, the CIR(A) through orders dated September 23, 2011, November 30, 2012 and June 15, 2015 and September 8, 2017 for tax years 2004 to 2007, tax year 2010, tax years 2011 to 2013 and tax year 2015 respectively, directed for the application of provision of section 124A of the Ordinance. The action was, however, maintained by the CIR(A) in the tax years 2008 and 2009 and appeals are currently pending before the ATIR. The department has preferred appeals against the order of the CIR(A) in the years 2004 to 2007 and 2010 to 2013 which are currently pending before the ATIR.

Appeal effect orders for the years 2003 to 2007 and 2010 have been issued. These are to attain finality once the departmental appeals before the ATIR / High Court as the case may be, are decided. However, in the order for tax year 2003, the Officer has not followed the directions of the CIR(A) and allocated expenses on the basis of turnover for which the Company has preferred an appeal which has been heard. The order of the said appeal is pending.

Further, the Company had made representation before Federal Board of Revenue for necessary clarification and has also referred the above matter to Alternate Dispute Resolution Committee, a mechanism available to provide an opportunity to taxpayers for an easy and efficient resolution of disputes. The same is still pending.

The Company has made provision of Rs. 1,358 million against the demand for the abovementioned years based on cost of investment. The management is confident that the ultimate outcome of the appeals would be in favor of the Company inter alia on the basis of the advice of the tax consultants and the relevant law and the facts.

12.2 Other commitments	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited)
Undisbursed sanctions for financial assistance in the form of		
- TFCs and Sukuks	-	400,000
- loans and advances	<u>450,000</u>	<u>450,000</u>
	<u>450,000</u>	<u>850,000</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

13.1 On balance sheet financial instruments

March 31, 2018 - (Un-audited)									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investments									
- Pakistan investment bonds	-	937,800	-	-	937,800	-	937,800	-	937,800
- Shares of listed companies	62,785	3,452,763	-	-	3,515,548	3,515,548	-	-	3,515,548
- Listed preference shares	-	40,150	-	-	40,150	40,150	-	-	40,150
- Listed sukuk / term finance certificates	-	1,241,123	-	-	1,241,123	-	1,241,123	-	1,241,123
- Unlisted term finance certificates	-	264,788	-	-	264,788	-	264,788	-	264,788
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	60,872	-	60,872	-	-	-	-
Balances with other banks	-	-	25,403	-	25,403	-	-	-	-
Investments									
- Investments in associates - listed	-	12,867,871	-	-	12,867,871	29,159,836	-	-	29,159,836
- Shares in unlisted companies	-	540	-	-	540	-	-	-	-
- Shares of unlisted associates	-	1,196,876	-	-	1,196,876	-	-	-	-
Advances	-	-	3,023,805	-	3,023,805	-	-	-	-
Other assets	-	-	61,290	-	61,290	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	-	-	-	(2,520,231)	(2,520,231)	-	-	-	-
Deposits and other accounts	-	-	-	(2,500)	(2,500)	-	-	-	-
Other liabilities	-	-	-	(903,166)	(903,166)	-	-	-	-
62,785	20,001,911	-	3,171,370	(3,425,897)	19,810,169				

December 31, 2017 - (Audited)									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investments									
- Market treasury bills	-	3,547,663	-	-	3,547,663	-	3,547,663	-	3,547,663
- Pakistan investment bonds	-	953,175	-	-	953,175	-	953,175	-	953,175
- Shares of listed companies	124,182	3,473,133	-	-	3,597,315	3,597,315	-	-	3,597,315
- Listed sukuk / term finance certificates	-	849,254	-	-	849,254	-	849,254	-	849,254
- Unlisted term finance certificates	-	265,106	-	-	265,106	-	265,106	-	265,106
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	61,148	-	61,148	-	-	-	-
Balances with other banks	-	-	18,730	-	18,730	-	-	-	-
Investments									
- Investments in associates - listed	-	12,578,211	-	-	12,578,211	25,068,357	-	-	25,068,357
- Listed preference shares	-	50,000	-	-	50,000	40,150	-	-	40,150
- Shares in unlisted companies	-	540	-	-	540	-	-	-	-
- Shares of unlisted associates	-	1,082,189	-	-	1,082,189	-	-	-	-
Advances	-	-	3,166,570	-	3,166,570	-	-	-	-
Other assets	-	-	88,931	-	88,931	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	-	-	-	(2,562,007)	(2,562,007)	-	-	-	-
Deposits and other accounts	-	-	-	(2,500)	(2,500)	-	-	-	-
Other liabilities	-	-	-	(426,535)	(426,535)	-	-	-	-
124,182	22,799,271	-	3,335,379	(2,991,042)	23,267,790				

The fair value of financial assets and liabilities not carried at fair value are not significantly different from their carrying values since assets and liabilities are either short term in nature or in case of loans are frequently repriced.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

14. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activities is as follows :

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupees in '000) -----						
Three months period ended March 31, 2018 - (Un-audited)						
Total income - gross	74,998	117,354	-	1,027,354	1,029	1,220,735
Total mark-up / return / interest expense	(25,213)	(36)	-	-	-	(25,249)
Segment provision / impairment / unrealised gain / losses	12,618	-	-	(6,114)	-	6,504
	(12,595)	(36)	-	(6,114)	-	(18,745)
Net operating income	<u>62,403</u>	<u>117,318</u>	<u>-</u>	<u>1,021,240</u>	<u>1,029</u>	<u>1,201,990</u>
Administrative expenses and other charges						(158,884)
Profit before taxation						<u>1,043,106</u>
Three months period ended March 31, 2018 - (Un-audited)						
Segment assets - net	5,694,867	7,316,151	-	16,448,645	717,350	30,177,013
Segment non-performing loans	1,140,085	-	-	-	-	1,140,085
Segment provision required and held	1,140,085	-	-	-	-	1,140,085
Segment liabilities	2,601,711	2,658	-	7,398	2,244,120	4,855,887
Segment return on net assets (ROA) % *	5.35%	6.57%	-	25.47%	0.57%	-
Segment cost of funds (%) *	3.84%	5.63%	-	-	-	-

* Based on daily average assets and funds. Return / cost has been annualized for rates.

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupees in '000) -----						
Three months period ended March 31, 2017 - (Un-audited)						
Total income - gross	90,223	102,268	-	818,751	3,479	1,014,721
Total mark-up / return / interest expense	(26,005)	(51)	-	-	-	(26,056)
Segment provision / impairment / unrealised losses	154,964	-	-	(23,701)	-	131,263
	128,959	(51)	-	(23,701)	-	105,207
Net operating income	<u>219,182</u>	<u>102,217</u>	<u>-</u>	<u>795,050</u>	<u>3,479</u>	<u>1,119,928</u>
Administrative expenses and other charges						(91,920)
Profit before taxation						<u>1,028,008</u>
Three months period ended March 31, 2017 - (Un-audited)						
Segment assets - net	6,337,506	6,923,893	-	15,654,504	440,890	29,356,793
Segment non-performing loans	1,390,293	-	-	-	-	1,390,293
Segment provision required and held	1,282,681	-	-	-	-	1,282,681
Segment liabilities	2,725,807	3,807	-	48,331	1,968,758	4,746,703
Segment return on net assets (ROA) %	5.33%	6.56%	-	21.16%	3.16%	-
Segment cost of funds (%)	3.80%	5.42%	-	-	-	-

Under the Company policy, capital market department assets are financed through equity funds.

15. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associates, associated undertakings, employee benefit plans, key management personnel and its directors.

The Company enters into transactions with related parties in the normal course of business. These transactions were carried out on commercial terms and at market rates.

	Three months period ended March 31, 2018 (Un-audited) (Rupees in '000)	Three months period ended March 31, 2017 (Un-audited) (Rupees in '000)
Expenses charged to related parties	1,285	3,607
Expenses charged by:		
- associates	114	127
- other related party	6,141	6,104
Dividend income from associates	398,587	376,027
Mark-up earned on bank deposit with an associate	57	60
Mark-up earned on loans and advances:		
- key management personnel	197	192
Mark-up expense on COIs of a related party:		
- other related party	36	35
Contribution made to provident fund	4,168	4,538
	March 31, 2018 (Un-audited) (Rupees in '000)	December 31, 2017 (Audited) (Rupees in '000)
Loans and advances to key management personnel	8,445	23,553
Balance as at January 1,	-	600
Disbursement during the period / year	13,787	(4,444)
Addition during the period / year	(839)	(11,264)
Recovery during the period / year	12,948	(15,108)
Balance as at	21,393	8,445
Bank balances with an associate - Meezan Bank	22,717	12,476
Mark-up receivable on bank deposit with an associate - Meezan Bank	17	30
Deposits / COIs from:		
- other related party	2,500	2,500
Mark-up payable to :		
- other related party	76	41
Investments in:		
- associates	14,064,747	13,660,400
- other related party	500	500

Key management personnel

Key management personnel include the Managing Director, Chief Financial Officer, Head of Risk Management, Head of Capital Markets & Treasury, Head of Compliance, Head of Internal Audit, Head of Operations and Head of Information Technology. Their salaries and other benefits amount to Rs. 20.694 million (March 31, 2017: Rs. 22.682 million) and staff retirement benefits amount to Rs. 3.170 million (March 31, 2017: Rs. 3.541 million).

16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue through circular resolution dated May 03, 2018.

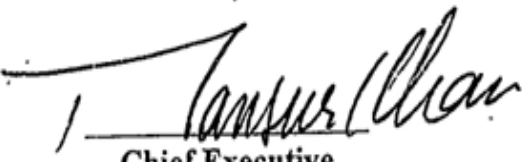
17. GENERAL

17.1. The Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity rating of AAA (Triple A) and the short term rating at A1+ (A one plus), the highest level.


17.2. The figures have been rounded off to nearest thousand rupees, unless otherwise stated.



Chief Financial Officer




Chief Executive



Director



Chief Executive



Director